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January 25, 2013

Mr. Michael Robertson, P.E.
Program Manager
Gas Safety and Reliability Branch
Consumer Protection and Safety Division
California Public Utilities Commission
320 W. Fourth Street, Suite 500
Los Angeles, CA 90013

Dear Mr. Robertson:

The staff of the Consumer Protection and Safety Branch (CPSD) of the California Public Utilities Commission conducted a General Order (GO) 112-E compliance inspection of Southern California Gas Company's (SoCalGas) Pacific Distribution Region (Region) from June 25 – 29, 2012. The audit included a review of the Region's records from the period of August 2011 to June 2012 and random inspections of pipeline facilities.

In your letter dated December 28, 2012, you attached a Summary of Audit Findings, which identified a probable violation of G.O. 112-E Reference Title 49 of the Code of Federal Regulations (CFR), Part 192, and request a written response within thirty days of our receipt indicating corrective actions taken by SoCalGas. Attached is our written response.

SoCalGas looks forward to working with you and your staff to resolve this audit finding and any other concerns you might have.

Please feel free to contact me or Troy Bauer at (909) 376-7208, if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Jeff Koskie" followed by a small flourish.

Jeff Koskie
Pipeline Safety and Compliance Manager

Attachment

Cc: Jerry Palo Jr., CPUC –Los Angeles

Audit Finding

1. Title 49 Code of Federal Regulations (CFR) 192.465 – External Corrosion Control: Monitoring

192.465(d)... Each operator shall take prompt and remedial action to correct any deficiencies indicated by the monitoring.

CPSD reviewed the Cathodic Protection (CP) Package CO624E-1 and noted that the CP did not meet the -0.850V criteria as defined in Appendix D of Title 49, CFR, Part 192, from June 2009. SoCalGas explained to CPSD staff that the rectifier in the system would need to be replaced which required a permit from the City of Carson. The location of the rectifier is in the vicinity of South Budlong Avenue and West Desford St in the City of Carson. On further investigation, CPSD discovered that the permit was actually issued in May 2010; however, there were no records presented to CPSD that indicated that the Pacific Distribution Region (Region) had taken action to replace the rectifier.

Even though SoCalGas was troubleshooting the area, having a nonfunctional rectifier in the system did not protect the pipeline from corrosion. As of June 14, 2012, the entire package had not been receiving adequate cathodic protection for 36 months. Please explain why the CP area has not functioned properly for 36 months and why a new rectifier has not been installed.

Response

SoCalGas does not agree that a violation of 49 CFR, part 192 section 192.465 occurred. SoCalGas undertook prompt remedial and continuous action to correct deficiencies indicated during monitoring, in compliance with section 192.465(d). At the time of the audit, a number of corrective actions were being attempted and/or implemented by SoCalGas simultaneously, which raised the pipe-to-soil (P/S) readings. A new rectifier is scheduled to be installed in February 2013. In addition, with the exception of two short durations where rectifiers were found off, the system had Cathodic Protection applied, and we expect readings to meet or exceed the minimum -0.850 volt criteria, following the installation of the new rectifier in February.

PHMSA Interpretation #PI-89-006, dated May 19, 1989, addresses inspection guidelines for 192.465(d) (attached) and states:

The definition of “prompt” will vary with the circumstances. Enforcement should be sought only when the investigator is convinced that corrective action was unreasonably delayed. Investigator must state why he determined the delay to be unreasonable.

In this case, the CP package was first found to be down during a routine annual inspection conducted June 9, 2009. A series of corrective actions took place, which ultimately led to a recommendation to replace an existing rectifier. A permit was issued in May 2010 and work was

completed in August 2010. This permit was provided to CPSD during the audit. Subsequently, a second rectifier was also installed in November 2010.

After these two rectifier installations, testing determined that there was an insulator in the system that was not allowing current to flow to the area in question. As a result, plans were initiated to install a third rectifier. We obtained a permit for this work in December 2012 and scheduled this installation to take place in February 2013.

A review of this package indicates that as a result of a Region division, there were additional records being maintained in Orange Coast Region for this CP area. These records demonstrate continuous actions have been taken to bring the area reads within tolerance. The following timeline summarizes additional significant actions taken during the relevant time period:

- On June 9, 2009, the CP package was first found to be down during routine annual inspection. Troubleshooting commenced shortly thereafter.
- On October 19, 2009, troubleshooting was completed. No shorts were found. However, it was determined that the area needed more current. It was determined that new deep well anodes and a new rectifier should be installed.
- On December 11, 2009, it was determined that due to existing substructures the deep well anodes could not be installed. Subsequently, it was concluded a shallow anode bed and replacement rectifier would be installed.
- On April 10, 2010, after extensive investigation, a location for installation of a second rectifier and deep well anode bed was identified and steps for installation commenced.
- On August 19, 2010, installation of a replacement rectifier was completed. The May 2010 permit identified in the audit finding pertains to this work. Southern California Edison (SCE) energized the new rectifier station in mid-October 2010.
- On November 10, 2010, installation of a new rectifier and deep well anode bed was completed. The area was continuously monitored.
- On February 14, 2011, SCE energized the rectifier station installed on November 10, 2010. Subsequent area reads were found to be as high as -0.718 volts.
- On June 11, 2011, after ongoing troubleshooting, it was determined that there was an insulator in the system at a flood channel that was not allowing current to flow from the newly-installed rectifier and deep well anode. As a result, plans were initiated to install a new rectifier and shallow bed anode downstream of this insulator.
- On January 6, 2012, area reads came up as high as -0.845 volts. The area was still being continuously monitored. We were in the process of obtaining permits and installation approval for the rectifier. The original site location was changed for environmental reasons.

- On March 29, 2012, a rectifier was found damaged and off due to apparent motor vehicle damage. Repairs and reinstatement were completed the following day. Reads taken just prior to this time were as high as -0.840 volts.
- On November 1, 2012, we attempted to hand deliver a permit application, but were directed by personnel at Los Angeles County to mail the application instead. Prior to filing this permit application, it was necessary to negotiate with SCE on site approval, contact the federal Environmental Protection Agency to confirm there were no environmental issues related to the fact the site is part of Super Fund, apply for a new address with Los Angeles County, and perform other routine planning activities. Area reads were found to be slowly decreasing, but still as high as -0.815 volts.
- We plan to install the new rectifier in February 2013.

As summarized above, SoCalGas took numerous and continuous steps to bring this area into tolerance. With the exception of the two short durations when rectifiers were found off, the system had Cathodic Protection applied, and is expected to satisfy the -0.850 volt criteria once the installation of a new rectifier in February is complete.

Southern California Gas Company takes maintenance of cathodically-protected pipelines very seriously and is actively involved in taking corrective actions. SoCalGas undertook prompt remedial and continuous action to correct the deficiencies indicated during monitoring, as per section 192.465(d).

Corrective Action

Installation and activation of a new rectifier is planned for February 2013. Following this installation, we expect to achieve Pipe to Soil/ readings at or above the regulatory minimum of -0.850 volts.